

**PILOT AGREEMENT
WINDSOR GARDENS LLC
(Fair Market Rental)**

THIS PILOT AGREEMENT made as of the ____ day of May, 2003 by and between WINDSOR GARDENS LLC, a Delaware limited liability company authorized to do business in the State of New York with a place of business c/o GMH Associates, Inc., 10 Campus Boulevard, Newtown Square, PA 19073 ("Windsor Gardens") and the TOWN OF NEW WINDSOR, a municipal corporation of the State of New York, with principal offices located at the Town Hall, 555 Union Avenue, New Windsor, New York 12553 (the "Town"),

WHEREAS, Windsor Gardens is the successor lessee under a certain unrecorded land lease between GMH Military Housing - Stewart Terrace LLC and the United States of America acting by and through the Department of the Navy (the "Land Lease") under the terms of which Windsor Gardens has leased for fifty (50) years a parcel of land in the Town of New Windsor, County of Orange, State of New York, described in annexed Schedule A (the "Property"), consisting of 27.750 acres being a portion of the parcel appearing on the New Windsor tax maps as Section 2, Block 1, Lot 34.2, and

WHEREAS, the Property is Lot 1 on a certain subdivision approved by the Town of New Windsor Planning Board on the ____ day of _____, 200__ and intended to be filed in the Orange County Clerk's Office, and

WHEREAS, the Property is proposed to be developed by Windsor Gardens by the construction of 264 units (including 1 model) of market rate housing, and

WHEREAS, the owner of the Property is the United States of America by virtue of a deed recorded in the Orange County Clerk's Office in Liber 1453 of Deeds at page 529, and the United States of America is exempt from real property taxation pursuant to Section 400 of the Real Property Tax Law, and

WHEREAS, as the tenant of the Land Lease, Windsor Gardens, has agreed to make certain payments to the Town of New Windsor in lieu of taxes, and

WHEREAS, the Town has agreed to accept those payments and to apply them in accordance with this Agreement,

NOW, THEREFORE, in consideration of the provisions hereinafter set forth, Windsor Gardens and the Town agree as follows:

1. There is no payment to the Town until May 15, 2005. Commencing on the 15th day of May, 2005 and continuing on each and every May 15 thereafter for a maximum of forty-eight (48) additional consecutive years during the Land Lease, Windsor Gardens will pay to the Town a sum of money as a Pilot payment.

2. The initial Pilot payment shall be in the amount of \$75,000.00. The amount of the Pilot payment shall increase to \$300,000.00 by May 15, 2007 as follows:

May 15, 2005	\$ 75,000.00
May 15, 2006	\$215,000.00
May 15, 2007	\$300,000.00

Beginning on May 15, 2008 the Pilot payments shall be adjusted as set forth in paragraph 10 below.

The dollar allocation of the Pilot payments shall be made annually by the Town. The order of the payments so allocated shall be as follows:

2007
MAY
MS
19.85%
80.17
100%

11.1321	Town General
6.2799	Town Highway
4.0297	Water District #9 Debt Service
21.4714	Balance to Washingtonville
86.7000	Central School District or its successor or assigns

WHAT BASIS DO WE USE
FOR ALLOCATION?

LET THEM DO THEIR
OWN BILLING -

10.81414

3. The Town hereby agrees that the Pilot payments to be made by Windsor Gardens hereunder are in lieu of property tax payments relating to the Property or the Land Lease, and hereby acknowledges that as long as Windsor Gardens makes the Pilot payments required by this Agreement such payments shall constitute Windsor Garden's sole property tax related obligation to the Town and no other tax will be assessed on the Property or as a result of the Land Lease during the term such Pilot payments are being made, except for charges for water and sewer usage. Should any other taxing Authority implement a property related tax, or if this Project is not built out as proposed, this Pilot shall be reduced accordingly.

4. In addition to the Pilot payment, Windsor Gardens agrees to pay the Town the following fees associated with a building permit:

a. Site Plan Improvement Inspection

Fee equal to:

\$ 29,142

This fee represents 2% of the site
plan improvements totaling
\$1,457,103.

b. Demolition Fees equal to: \$ 8,300

This represents the \$50 fee required
to demolish the 166 existing homes.

c. Building Permit Fees equal to: \$ 68,699

This represents (1) \$50 per unit
and (2) \$0.20 per square foot
(277,494 sq. ft.) constructed.

d. Park/Recreation Fee equal to: \$396,000

TOTAL FEES \$502,141

5. The above mentioned fees represent all of the fees required by the Town, and the Town will not impose any additional fees on Windsor Gardens, LLC with respect to, as a result of or related to the Project being developed and will be paid upon the issuance of a building permit. In the event the scope of the Project is reduced, these fees and the PILOT payment will be reduced accordingly. The above listed Demolition Fee shall be due and payable at the time of obtaining the demolition permit. The above listed Building Permit Fee and Park/Recreation Fee will be due and payable at the time of obtaining the respective building permit.

6. In the event that the United States of America divests itself of title to the property, this Pilot Agreement shall become null and void.

7. The Water District #9 bond debt is a portion of the required Pilot payment.

8. The Property lies within the bounds of Sewer District #20.

9. As set forth in 2 above, Windsor Gardens is responsible for paying water and sewer use charges. A separate meter will be installed to measure the Property's usage.

10. The total Pilot payments to be received by the Town from Windsor Gardens on May 15, 2007 shall be \$300,000.00. Thereafter, those payments shall increase by the increase in the Consumer Price Index for All Urban Consumers for the New York - Northern New Jersey - Long Island region, as published by the United States Department of Labor, Bureau of Labor Statistics (1982--84 = 100) (hereinafter "CPI") in effect on each March 15th immediately prior to the next payment date, over the CPI in effect on March 15, 2007. As an example, if the CPI as of March 15, 2007 is 200, and the CPI as of March 15, 2008 is 205, the increase in the CPI is 2.5%. Therefore, the annual Pilot due on May 15, 2008 would be THREE HUNDRED SEVEN THOUSAND FIVE HUNDRED and NO/100 (\$307,500.00) DOLLARS calculated as follows:

3/15
2007
15
336

11/15/07 CPI div by 11/15/06 CPI = Increase in CPI

205/200 = 1.025 = 2.5% increase in CPI

2.5% increase in CPI x \$300,000 = \$307,500.00

There is an annual cap in the CPI increase of 3% and the annual Pilot shall never be less than THREE HUNDRED THOUSAND and NO/100 (\$300,000.00) DOLLARS after 2007, regardless of any

decrease in the CPI, except as otherwise provided to the contrary in this Agreement.

11. The Pilot payments shall be made up to a maximum of forty-nine (49) consecutive years, or for so long as the Land Lease continues in full force and effect.

12. A Memorandum of this Pilot Agreement shall be recorded in the Office of the Clerk of the County of Orange.

13. This Pilot Agreement shall be binding upon and inure to the benefit of the parties, their respective successors and assigns.

14. If any provisions of this Pilot Agreement shall for any reason be held or adjudged to be invalid or illegal or unenforceable by any court of competent jurisdiction, such provision shall be deemed separate and distinct and the remainder of the Pilot Agreement shall remain in full force and effect.

15. Any failure by Windsor Gardens to make its Pilot payment within thirty (30) days of it becoming due and payable each year may result in the Town's pursuing all of its available remedies at law and/or in equity against Windsor Gardens to the same extent that the Town may exercise remedies for the failure of any person or entity to properly pay real estate taxes and it is agreed that the Town can recover all of its reasonable attorneys fees and court costs assessed with the successful pursuit of such remedies.

16. Windsor Gardens, LLC by GMH Military Housing-Stewart Terrace LLC, its manager has authority from the owner to execute this Pilot Agreement.

IN WITNESS WHEREOF, the parties hereto have executed
this Pilot Agreement as of the date and year first above written.

WINDSOR GARDENS, LLC

By: GMH MILITARY HOUSING-
STEWART TERRACE LLC, ITS MANAGER

By: _____

TOWN OF NEW WINDSOR

By: _____
George J. Meyers, Supervisor

AS AUTHORIZED BY TOWN OF
NEW WINDSOR TOWN BOARD
RESOLUTION DATED _____ 2003

JRL/ef/210894.10 (Market)
08854-48958
5/23/03

STATE OF NEW YORK)
) .ss:
COUNTY OF ORANGE)

On the day of , in the year 2003,
before me, the undersigned, a Notary Public in and for the State,
personally appeared, _____, personally known
to me or proved to me on the basis of satisfactory evidence to be
the individual whose name is subscribed to the within instrument
and acknowledged to me that he executed the same in his capacity,
and that by his signature on the instrument, the individual, or
the person upon behalf of which the individual acted, executed
the instrument.

Notary Public

STATE OF NEW YORK)
) ss:
COUNTY OF ORANGE)

On the day of , in the year 2003,
before me, the undersigned, a Notary Public in and for the State,
personally appeared, George J. Meyers, personally known to me or
proved to me on the basis of satisfactory evidence to be the
individual whose name is subscribed to the within instrument and
acknowledged to me that he executed the same in his capacity, and
that by his signature on the instrument, the individual, or the
person upon behalf of which the individual acted, executed the
instrument.

Notary Public